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CITY OF NEWARK, NEW JERSEY

REPORT

to

THE NEWARK HOUSING AUTHORITY

FINDINGS AND RECOMMENDATIONS

SECOND SESSION, SEPTEMBER 1965

by

A Panel of the Urban Land Institute

on the

LAND USE AND MARKETABILITY ASPECTS

of the

COMMUNITY RENEWAL PROGRAM

Panel Sessions
Robert Treat Hotel
Newark, New Jersey
September 20-23, 1965

URBAN LAND INSTITUTE - 1200 18th Street, N.W., Washington, D. C. 20036



CENTRAL NEWARK LOOKING EAST — Including Urban Renewal Projects CRPs 6, 8, 14 and Parts of 4 and 27. Central Business District - Center; Colonnade Apartments and Columbus Homes - Foreground; Passaic River - Left; Jersey Meadowlands - Background.

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INTRODUCTION

This report is a record of the observations, findings and recommendations of a Panel of the Urban Land Institute on land re-use and marketability aspects of the proposed Community Renewal Program for the City of Newark, New Jersey. The study was undertaken at the request of the Housing Authority of the City of Newark under the terms of an agreement (Contract #951, dated April 22, 1964) between the Newark Housing Authority and the Urban Land Institute.

A preliminary study of the land use and marketability aspects of the Newark Housing Authority's Community Renewal Program was conducted November 30 through December 3, 1964. Acting on the preliminary findings and conclusions submitted by the Panel, the Sponsor revised its Community Renewal Program for the second review by the Urban Land Institute, which was conducted September 20 through September 23, 1965.

Urban Land Institute was founded in 1936 as an independent, non-profit research and educational organization to study and report on trends affecting real property and to advance research and education in the planning, development and rebuilding of urban areas.

The Institute wishes to express its sincere appreciation to the Newark Housing Authority, and particularly to its Urban Renewal consultants and staff, for their full cooperation throughout the work of the ULI staff and Panel; and to the other consultants on the Newark CRP for the pertinent information from their respective studies made available to the Panel. Thanks are also due many individuals from Newark's civic, business and educational community for their interest and assistance in the Panel's work.

PANEL MEMBERS

The following Executive Group members of ULI's Central City and Industrial Councils participated in the first and second phases of the land use and marketability study:

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JOSEPH W. LUND of Boston is president of R. M. Bradley & Company, Inc. (one of the largest general realty firms in New England), a past president of the Urban Land Institute and former chairman of the Boston Redevelopment Authority. Mr. Lund is a member of the Central City Council and a trustee of ULI.

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SPONSOR OF THE STUDY:

Housing Authority of the City of Newark, New Jersey

REPORT

The Panel members personally presented their final conclusions to the Sponsor's representatives on Thursday, September 23, 1965, at the Robert Treat Hotel. This session was followed by an extended period of discussion, during which the Panel answered questions and clarified various points relating to its recommendations.

The Panel's findings were based on an intensive review of detailed advance data and reports furnished by the Sponsor, John Beggs, Consulting Engineer-Planner, Seton Hall University, the First National Bank of Boston, Wilbur Smith and Associates - Consulting Engineers, various City agencies and the ULI staff members assigned to the Newark Study.

The Panel's on-the-ground investigations (September 20-23, 1965) included: a briefing session on Monday morning, September 20, at which local representatives, Newark Housing Authority staff personnel, and consultants to NHA provided information pertinent to the plans and problems under consideration; a field trip on Monday afternoon and subsequent field inspections of the project areas and neighborhoods of Newark; and interviews and discussions with local people knowledgeable in various facets of the program proposals under consideration.

This Report includes appropriate modifications, revisions, and restatements of the Panel's preliminary findings and conclusions.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS OF THE PANEL

I. INTRODUCTORY STATEMENT AND RESUME

The report which follows covers the second phase of the Panel's work on the proposed Community Renewal Program for the City of Newark, New Jersey. Involved in preparing this report were ten men from various cities who were selected to serve on the Newark Panel because of their extensive practical experience and working knowledge of many different aspects of land-use planning, industrial development, urban renewal, and real estate marketability. As Executive Group members of the Councils of Urban Land Institute, these businessmen serve without personal remuneration to assist metropolitan areas, cities, and community development groups in finding solutions to a wide range of urban development and real estate problems. All conclusions and recommendations contained in this report represent consensus of the Panel members.

General Observations

In formulating the conclusions and recommendations which appear later in this report, the Panel studied the entire City of Newark and its surrounding communities, both in November of 1964 (followed by the Panel's Preliminary Report) and during the latest on-the-ground investigations. Taken into consideration were various factors affecting economic, industrial, commercial and residential activities, including the proximity of Newark to Manhattan Island and New York City's influence over the vast urbanized area of which it is the central focus.

Newark, in effect, is a sub-center of New York City. On the other hand, if entirely separate from the influence of its larger neighbor, Newark would be considered a very important population concentration in its own right.

The City of Newark, along with its suburban communities, has its own individual characteristics as well as special benefits which accrue from being so close to the world's largest center of economic and financial activity. In other ways, however, it appears to suffer from the glamour of the central metropolis across the river.

Following are some of the Panel's general observations on: (1) Newark's industrial base, its present condition and future prospects; (2) the City's strengths and weaknesses and retail development, and what may be expected in the future; and (3) the trends in population and their effect on the desirability of living in the City of Newark with special attention to the changing pattern of land use and market demand.

INDUSTRIAL ATTRIBUTES: Newark has always had strong assets for many types of industrial activity. Its location in the very heart of the largest area of economic activity in the world gives it a tremendous advantage from the standpoint of distribution. Transportation lines for people and for the movement of goods are unexcelled in any part of the world. The present rapid development of the Port of Newark and the International Airport are examples of the vitality of these communication lines.

Newark is also in the center of one of the best skilled labor markets existing anywhere. From an industrial standpoint, access to this skilled labor market is one of the reasons why Newark has been successful in attracting diversified manufacturing activities in the past. The City will continue to be attractive to industry if additional land can be made available at competitive prices for the expansion of plants now in the Newark area as well as the provision of sites for new firms. (This subject is treated in detail in the "Industrial Development" section of this report.)

COMMERCIAL AND RETAIL ACTIVITY: In the commercial field, which is identified here as "general office activity", Newark occupies a rather unique position as the center of two major and other large national insurance companies. These firms have provided steady employment for thousands of workers for at least 75 years. The two largest employers, The Prudential Insurance Company of America and the Mutual Benefit Life Insurance Company, have within the last decade made the decision to maintain their principal office activities in the heart of Newark's downtown area. This decision is perhaps the most important one which has been made insofar as its effect on the economic stability and future redevelopment program of the City is concerned.

There are apparent economic advantages for other types of office operations in Newark (versus a location on Manhattan Island or in other parts of the metropolitan area) which indicate that the city will have

a continuing growth in this type of productive activity. (This point is developed in the "Office Space" section of the report.)

In the retail field, with the decrease of population in the central city and the development of suburban shopping centers, there has been - over a 20 year period - some decline in the general activity of the Newark downtown core. It would appear from current observations and studies that this decline has been halted and that the city can expect a small increase in retail activity in the core. Certain small retail centers in the outlying sections of town also appear to have considerable vitality which can be increased through improvement of land use, provision of parking, and a unification of the retail activity into smaller, more economical areas.

RESIDENTIAL TRENDS: The Panel has been impressed by the general condition of the housing inventory of Newark. Much of the worst slum housing has been and is being eliminated through clearance in existing projects and more will shortly be demolished as other approved projects move forward. Judging from external appearance, much of the remaining older housing is generally above slum level, although there are numerous pockets in condition of advanced neglect which should become the object of a future conservation and code enforcement as well as some clearance activities.

For a city its size, there are very few neighborhoods which are attractive to the higher income groups. Newark, to an even greater extent than other central cities, has been drained of much of its leadership, from the standpoint of both income level and civic responsibility, through the long-term flight to the suburbs. Attempts to reverse this trend have been made by the creation of large, modern apartment complexes. It seems unlikely to the Panel, however, that there will be a major return of higher income people from the suburbs unless certain drastic measures are taken to provide attractive total environment for the upper economic groups. The Panel believes that the creation of a bold and dynamic, self-contained community around the Colleges Expansion area (CRP-4) could instill a needed new dimension in Newark's living environment. The appeal of such a community would be to a new and higher income market, much of which has left the city.

The in-migration of low-income nonwhites to the City has in some instances caused alarm among the other citizens, accelerating the flight to the suburbs by all classes of population. The Panel believes that the major wave of nonwhite in-migration has passed its peak, through the lack of housing at rock-bottom prices and the decreasing demand for unskilled labor. Strict enforcement of housing codes and a less generous attitude on the part of welfare authorities would make Newark less attractive as a terminal destination for potential welfare families.

II. INDUSTRIAL DEVELOPMENT

Pursuant to the preliminary CRP study of Newark in November of 1964 and this report, members of the Panel have been furnished a great variety of statistical and other information concerning the City of Newark, its metropolitan area and the entire North Jersey region, including adjoining portions of New York State.

The North Jersey region is probably the world's most important industrial area from the standpoint of quantity, quality, and variety of goods produced. Practically every major industry and business corporation in the U. S. (as well as many foreign firms) have a branch plant in the North Jersey-New York Metropolitan Area to serve its compact market of over 15,000,000 people.

Factors Affecting Industrial Development

COMPETITION: The City of Newark is in direct competition with every other community in the North Jersey and New York City Metropolitan Area in attracting industries. There are many factors that influence the location of industrial plants; these factors vary from industry to industry and, in fact, from company to company.

Before dealing with the question of available industrial sites in the Newark Area and the advantages and disadvantages of these sites, it would be well to discuss some of the existing general conditions which apply to industrial development.

HIGHWAYS: There is now under construction or planned a network of highway improvements which is opening up many areas in North Jersey which have not previously been competitive because of the time consumed in reaching them. One of the most important developments was the opening of the Narrows Bridge (Verrazano) permitting the manufacturers and commuters in Brooklyn to cross Staten Island directly into a very attractive portion of New Jersey in much shorter time than was previously possible when the trip went from Brooklyn, across Manhattan, and through the tubes to New Jersey. This new highway development will make it possible for many firms to locate on larger sites in a good labor market with less overhead and tax costs, and still serve not only the New Jersey market, but also the Brooklyn and New York markets, as quickly and at less expense than was possible at the former Brooklyn locations.

Other firms which serve North Jersey have located along the outer belt Route 287 which will provide access to all of the east-west and north-south superhighways and, generally speaking, traverses areas with reasonable taxes and a good labor supply. Similar opportunities for good industrial locations to serve the North Jersey area will be created by the completion of Interstate Routes 280 and 78.

LABOR: It has already been mentioned in the introductory remarks that Newark lies in the center of one of the best skilled labor markets. This is worth emphasizing, because the labor factor is usually a dominant one in selecting a plant location.

MARKET: North Jersey is a fabulous market within its own right, and may be considered as one large metropolis with a 1960 population of 4,400,000. In addition, North Jersey lies directly between Boston and Philadelphia-Baltimore; thus, it is an ideal location from which to distribute manufactured products to these areas.

WATER: The watershed of Newark consists of 63 square miles (an area nearly three times as large as the City of Newark itself) and produces a safe yield of approximately 100 million gallons per day of good quality water. This is one of the main reasons for the location of the brewing industry in the City of Newark.

EXISTING INDUSTRIES: According to the July (1964) issue of FORTUNE magazine, Newark is a city with manufacturing establishments in some 300 different industrial classifications; more than any other city of the same size. Newark industries produce paints, leather goods, fine gold jewelry, electrical products, chemicals, apparel, light bulbs, beer, and hundreds of other items in many small plants.

Land for Industry

Having established a background of the attractiveness of northern New Jersey for industrial development, it is now appropriate to identify some of the problems which face the industrialist looking for a plant

site in the North Jersey region in general, and the Newark area in particular. Such problems apply both to new industries and to industries already operating in the area.

The inevitable question asked by any firm seeking a location in this general area is "What advantages does Newark have to offer, and how does Newark compare with the surrounding communities?" As was pointed out during the Panel's study, "When the highway program is completed, any part of North Jersey will be within 45 to 50 minutes of downtown Newark, from its farthest perimeter to the Delaware River, the Hudson River, extreme North Jersey, and the Philadelphia area."

Thus, simple economics dictates that the firm seeking a new location will look at the entire region and not just the City of Newark. While this approach may sometimes work against Newark, it is "standard operating procedure" as far as considerations by industrial firms are concerned.

This consideration bears directly upon the question of the marketability of the industrial land contemplated by the Community Renewal Program.

MARKETABILITY (General): Since communities within a reasonable commuting distance of Newark must be taken into account in determining the inventory of industrial land, the rate of absorption of industrial land in Newark will probably be slower than that which otherwise might be expected. This is because the outlying communities have the same advantages which Newark offers in available labor force and good transportation facilities, and at the same time offer these important additional advantages over Newark:

1. The availability of good stable land at prices lower than that which generally prevail in Newark;
2. Lower tax burdens in many areas;
3. Surroundings which are generally more attractive in appearance than those around industrial land in Newark.

The total amount of additional land allotted to industrial use in the current Community Renewal Program is approximately 850 acres, considering 600 acres as the net available industrial area in the Meadowlands. Based on past usage, such a supply would be sufficient for approximately 15 to 20 years, predicated on present population. This forecast will be too low if Newark is fortunate enough to attract a few industries which require large parcels of land. Although such "windfalls" are too infrequent and uncertain to be considered in land absorption projections, Newark should not close the door on disposition of land to large parcel users—nor for any purpose which can be economically justified.

Achievement or acceleration of the forecasted rate of absorption would be enhanced if certain actions are taken. One such action is to make available in Newark, sites which are competitive in quality and price to those available in surrounding communities.

The Panel strongly recommends that the necessary clearance or other preparation be carried out immediately to provide good industrial sites as soon as possible. This would be an important marketing aid in attracting new industries, and also would facilitate the relocation of existing industries which are forced to move as a consequence of the Community Renewal Program. It is suggested that 100 to 200 acres be prepared immediately in the Meadowlands, and also that the industrial part of the Central Ward Project be prepared as quickly as possible. Having sites ready in these two areas will give a reasonably good diversity of supply to meet the differing requirements of users.

As far as price is concerned, the Panel members understand that those interested in the development of Newark are willing to make the price of finished land competitive, especially if the industrial prospect's operation will create an adequate number of jobs. The Panel agrees that this is the correct attitude, but does not believe there should be any "give-away" of property.

Another action to enhance industrial land marketability is to eliminate the tax disadvantage suffered by Newark in relation to competing communities.

Tax Considerations

In order to answer the question of whether Newark has enough industrial land to achieve its employment tax revenue objectives, at least two alternatives should be considered:

1. If the present tax structure were to remain, then the amount of industrial land available in Newark probably would be sufficient for some time to come, simply because it is very unlikely that an industrial firm would choose to locate on property having such a tax disadvantage.

2. On the other hand, since "Fox-Lance" tends to neutralize the real estate tax disadvantage, the property which qualifies for Fox-Lance treatment can become competitive (at least for a period of time) with surrounding properties.

It should be recognized, however, that 15 years is a short time in the life of a company. Therefore, Fox-Lance is not a complete answer to the tax problem. Furthermore, the present and future effects of Chapter 51 (Laws of 1960, State of New Jersey) on personal property, and possibly on real property, tax levels would be of major concern to any industrial firm. Thus, something must be done to establish confidence and assure reasonable tax treatment as it relates to both personal and real property taxes.

Even with the adjustment available through devices such as Fox-Lance, and assuming full development of Newark's remaining industrial land, it is the opinion of the Panel that more will have to be done to solve Newark's tax problem. This leads to the conclusion that it is imperative that a broader based tax be enacted.

Comments on CRP Projects

INDUSTRIAL RIVER (CRP - 11): Located in the eastern section of Newark, lying mainly along the Passaic River are some 2,000 acres of land in the Meadows that have never been fully used because of the high cost of properly stabilizing the soil in such areas, as compared with the costs of sites available in other locations where soil bearing conditions are good.

Undoubtedly, meadowland sites are good for many types of so-called light manufacturing industry. (This is pointed out in the Arthur D. Little, Inc. marketability study for Project N.J.R.-121, dated September, 1964.) An inspection of the area shows that it also has advantages for the oil industry, the chemical industry including plastics, storage and distribution of bulk materials, public utility plants, etc., and is well located for distribution purposes in general.

Acquisition and Stabilization Costs and Selling Price: It is estimated that the City's cost of acquiring land in the Meadowlands will average about \$20,000 per acre. The average cost of stabilizing the land will range between 35 to 50 cents per square foot for those portions which need to be stabilized to support light building loads. The Panel was informed that the cost for off-site improvements is estimated at \$9,600 per acre.

In comparison to these costs, the best opinion available to the Panel on the market value of the land in its present condition ranges from \$12,000 to \$20,000 per acre, depending on the extent of poor soil conditions in any particular parcel. The Panel believes that the market value of the land would be in the range of \$30,000 to \$50,000 per acre for any portion which has stable soil and also all necessary utilities and access roads.

Marketability: The Meadowland area within the city limits of Newark is very well located from the standpoint of distribution. It is crossed by the New Jersey Turnpike (with access to the Turnpike adjacent to the property) and is situated on the edge of the City where access to other important north-south and east-west freeways is available. This area is served by several major railroads, a deep water seaport and a major national airport.

Both jobs and tax ratables are important to Newark, but it is felt at this point that jobs should be of prime consideration. However, the Panel cautions that the estimates it has received on the expected employment from development of this area are probably optimistic. Experience across the country indicates that the average employee density resulting from contemporary plant establishments is typically in the range of 12 to 15 workers per acre. This is less than the densities experienced by older plants, and is the natural result of automation, technological advances, and changes in requirements of industry with respect to land needed for expansion, parking, landscaping, and setbacks.

Several comments have been made to the effect that warehousing use is not what the City would like to see. Nevertheless, there are many fine quality distribution centers located in similar areas which represent the type the Panel believes should be considered for the Meadowlands development, even though the employment resulting from such uses would probably not be as high as the City might prefer.

In the Panel's opinion, the development of the Newark Meadowlands for industrial use, as proposed, is a must for Newark. It represents the only substantial outlet for adding to the industrial base and is in effect the only relief valve which the City now has to ease the pressure on land for all uses. Also, it is felt that, ideally, industrial development should precede, rather than follow, residential and other types of development.

As long as sites in this area can be delivered on a basis competitive with land available in surrounding areas, the disposition of the property for industrial uses can be feasibly accomplished, if it is well-planned and developed in a carefully integrated manner so as to provide its own aesthetic environment and thereby create a new and attractive asset for Newark's industrial growth.

Absorption Rate: In the Panel's opinion, the net acreage which will become available in the Meadowlands through the Industrial River Project, tentatively estimated at 600 acres, would be sufficient for approximately 15 years. As noted previously, a few large users could change this estimate substantially.

The question has been raised as to whether immediate development should be allowed in the Meadowland area by firms which are presently interested in locating there and are ready to do so. The Panel believes that permitting this, and at the same time conforming to an integrated development plan, can be accomplished simultaneously because it should not take long for a competent planner to prepare a suitable site layout plan for the project area. Moreover, there is great advantage in having several new plants act as bellwethers to lead others into the area. The main concern is to move promptly with a specific business-like plan and program. Time is in favor of Newark's competitors.

It should also be recognized that the rate of absorption and quality of development will be affected very much by the completion of proposed expressway Routes 78 and 280 and the connector between them. The speedy completion of these arteries is important to accomplish the rapid development of the Meadowlands and other industrial properties whose accessibility will be affected by these roads.¹

The Panel urges that the general cleaning up of the Meadowlands area, already in evidence to a small extent by some of the present industries or property owners, be enforced to the fullest practical extent. The most attractive vacant land in this area is the parcel which lies adjacent to the Port of New York Authority's truck terminal. A similar standard of maintenance should be aimed at for the other vacant parcels.

THE CENTRAL WARD PROJECT (CRP 2): The Central Ward Project is an important source of land (42 acres) for increasing Newark's industrial base, and the Panel is in full accord with the proposal to develop this area for industrial purposes.

The nature and location of this property is such that the type of industrial development which should result will complement the industrial usage likely to occur in the Meadowland area. In other words, the Central Ward area is well suited for light industrial uses, particularly those which have requirements that benefit from a location near the downtown area.

As noted previously, it is recommended that the industrial land in the area be made available as soon as possible.

SOUTH BROAD INDUSTRIAL PROJECT (CRP 16): This project has been designed primarily to make land available for the expansion of existing light industries. The Panel agrees that all of this area should not be cleared as it now contains a number of relatively good, substantial buildings that should be retained. The varied uses that will result will not be incompatible.

WEEQUAHIC NORTH (CRP 19): The Panel questions the logic of having the area along Meeker Avenue, between Frelinghuysen Avenue and State Route 22, designated for residential use. This does not appear to be in keeping with the nature of this location and the present adjoining uses. It is recommended that this area be changed to industrial.

OTHER PROJECTS: The industrial parcels included in City Line (CRP 22) and Midtown Connector (CRP 28) are all very small in size and some are also of unsatisfactory configuration or inadequate dimensions for industrial use. It is therefore recommended that these parcels not be reserved exclusively for industrial purposes, except to the extent necessary to retain existing industry.

The Panel is generally in accord with the industrial portions of the CRP project proposals. In the development of the respective areas, existing industries should be allowed to remain as long as sufficient room can be provided and the buildings are of reasonably satisfactory quality. It cannot be emphasized enough that Newark's first obligation is to retain and assist in the growth of its existing industries. We are pleased to note that this policy is now being followed by the Newark Redevelopment Authority.

At this point the Panel would like to take the opportunity to express its gratification that the City has seen fit to adopt a conservation program for the Ironbound District. It is recognized that as such, this is not one of the project areas under the current study, but the Panel nevertheless commends this as a good move. Mixed uses can be compatible and careful discrimination should be exercised in deciding between clearance, rehabilitation and retention.

¹The stimulating influence of new highway construction on industrial and commercial land absorption should not be underestimated. For example, the completion of the Schuylkill Expressway and its connection with the Pennsylvania Turnpike northwest of Philadelphia was largely responsible for the first-rate industrial and commercial developments that resulted in places such as the City Line area and the King of Prussia interchange of the Turnpike.

Miscellaneous Observations

There are a few more thoughts which the Panel would like to leave as a guide to help resolve some of the City's industrial development problems.

1. The Panel members have been advised that the housing program of the City of Newark has in the past required many small industries to relocate outside of the City. This could be avoided, at least to some extent, by the immediate development of sites in the Meadowlands and the Central Ward Project, as recommended.

2. Experience in a great many cities emphasizes the wisdom of having industrial land sold only through non-political bodies. Hopefully this will be accomplished through the work of the Newark Industrial Development Commission. Competent realtors, as well as railroads and utility companies, should be encouraged to participate, since they can be of great assistance in assuring the success of marketing. Without this help the industrial project areas would be under a severe handicap, since many industrial locations are affected through the services of the representatives mentioned.

3. As stated previously—and it cannot be overemphasized—there has been over-reliance on real property for tax revenue, and ultimately a broader based tax should be enacted.

As a speaker at one of the briefing sessions pointed out as far as Newark is concerned, and indeed, all of North Jersey, it is important "to put the economic horse before the cart". We sometimes forget that government creates no wealth, and that the amount of goods and services available to each of us depends on the total production of wealth. In other words, unless there is a constant increase in the production of wealth, there must be a gradually declining share for each of us. This points up the necessity of increasing the number of jobs available for the people of Newark and giving encouragement to industry to increase its total output.

III. OFFICE SPACE

Supply and Demand in Downtown in Newark

OFFICE BUILDING CONSTRUCTION AND ABSORPTION: In its Preliminary Report the Panel estimated an apparent demand for approximately 250,000 square feet of new private office space per annum through the year 1970. It was also estimated that the annual rate of absorption might be reduced to 150,000 square feet per year after 1970. The recommended reduction was based on the assumption that the demand from forced relocations will subside at about that time and the upgrading of existing companies from older buildings will have nearly run its course. With the exception of two new factors which have come into focus since the preliminary study, the Panel has no substantial basis for changing its original estimates.

The total Community Renewal Program as now proposed plans for the construction of 8,430,000 square feet of office space between 1966 and 1978. It appears to the Panel that this level of activity cannot be justified on the basis of economic facts which are now evident.

In order to give the NHA an indication of the best method of encouraging desirable activity, the Panel studied individual projects to the extent possible in the time available. First, it would be well to adjust the total figure of 8,430,000 square feet downward by eliminating the 300,000 square feet projected in CRP 6, the educational center now scheduled for completion in 1967.

In view of the apparent success in developing the proposed motorama in CRP-7 - SOUTH BROAD, the Panel also recommends eliminating the 180,000 square feet proposed for that area in 1966.

The earliest construction scheduled for major building complexes are in CRP-8 - NEWARK PLAZA and CRP-9 - ESSEX HEIGHTS NO. 1. Each of these calls for a total of about 2,000,000 square feet. The first completion would be in 1968 with nearly continuous annual construction to 1975. These two projects, as scheduled, would create half a million square feet per year which is more than twice the amount that the Panel thinks can be absorbed.

Comments on Individual Projects

NEWARK PLAZA (CRP-8): From the best sources available, it appears likely that the original building projected for this area, to contain about 400,000 square feet, should get under way for completion on the original specified date of 1968. Recent delays have occurred because of the aforementioned changes by the Highway Department in the location of McCarter Highway. The Panel believes that financing is available for this structure, and was told that 150,000 square feet will be occupied by a tenant that is not now a major office space user in the City of Newark. This desirable activity, with its expected number of new employees, will certainly be a stimulus to economic activity in the Central Business District. Newark Plaza is, as stated in the Preliminary Report, the prime location in the redevelopment program for major office use. The Panel recommends that every effort be made in the near term to plan and promote further major structures in line with the original projection which calls for 1,950,000 square feet.

ESSEX HEIGHTS (CRP-9): Although there will be a demand for office space by concerns where activities are linked to the county building complex, in the Panel's opinion, it will not warrant anything like the 2,000,000 square feet which is suggested in the project report. Title companies, attorneys, surveyors and appraisers who need quick access to the county facility should be attracted into new space immediately adjoining the county building. However, none of these types of activity require large areas for operations and such occupancy would not create the background necessary for financing a modern, large-scale office building. Because the total demand in the City will not reach the 600,000 feet planned for 1968, 1969, 1970 and 1971, the Panel recommends that the majority of the land (1,750,000 square feet assigned to office use in Essex Heights) be reassigned for residential purposes. The Panel believes that over a period of five years a total of perhaps 250,000 square feet could be profitable if created on that portion of land which combines the best convenience to other office facilities downtown and the county building.

ESSEX HEIGHTS NO. 2 (CRP-13): Office use, (500,000 square feet) in this project should also be eliminated for the reasons specified in the Panel's comments on Essex Heights (CRP-9).

ST. MICHAEL'S (CRP-14): The 400,000 square feet in this project seems unrealistic unless a major space user could be found who did not require immediate proximity to the office facilities downtown.

PERFORMING ARTS (CRP-26): Long term planning for this project on South Broad Street calls for the beginning of construction in 1972 of 250,000 square feet and a similar amount for each of the subsequent five years to create a total of 1,500,000 square feet. Tying in the time schedule in this project with the

Newark Plaza construction schedule would be the most desirable way to approach the completion of the space which the Panel thinks can be marketed. In its Preliminary Report the Panel stated that Newark Plaza and South Broad Street were the logical areas for the development of major office facilities. The Panel's present analysis of locations coincides with the scheduling proposed above.

RAYMOND BOULEVARD (CRP-27): This project calls for creation of 600,000 square feet of office space scheduled at 200,000 per year in 1974 and 1975 and 1976. Although this of course is in the far distant future, the Panel believes that the same factors will influence the demand in this project as in the case of Essex Heights. It seems unlikely to the Panel that even nine years from now there will be a demand for this volume of space in an area which does not link properly with the other major office structures north of Military Park or in the area east of the intersection of Market Street and Broad. By eliminating this proposed use from the long term plan the construction projection would be more nearly in line with the Panel's impression of probable marketability.

General Observations

Turning to the broader aspects of office activity in the City of Newark, there are two factors which could radically change the demand factor previously referred to. The Panel has counted on natural expansion and upgrading to create the demand expected to occur.

HIGHWAY PROGRAM: One reason for the failure of Newark to attract new major users is the slowness in completing the close-in expressway program. There is no doubt in the minds of the Panel members that eventual creation of access from the better suburban areas by completion of Routes I-280 and I 78, and the extension of McCarter Highway to the north, will make it far easier for the city to sell its desirable features to executives who make location decisions. The firm scheduling of these necessary arteries may induce additional interest among those who would logically locate in downtown Newark, even prior to the commencement of road construction.

CONSTRUCTION IN NON-RENEWAL AREAS FOR OFFICE PURPOSES: The other factor which has hindered the decision makers from coming to downtown Newark has been the exorbitant tax charge on conventional construction. The use of the Fox-Lance tax relief provision would eliminate this unfavorable factor in redevelopment areas. It must be pointed out, however, that it is highly improbable that all office building construction will take place in project areas. Expansion by major companies in the city could well take place in the center of downtown which, of course, would be subject to normal taxation of office buildings as in other types of real estate. The location factor is frequently of primary importance. Such expansion if it should take place on a major scale could reduce the amount of absorption which the Panel projects for the Community Renewal Program.

Demand Pressures

ANTICIPATING DEMAND: In the Preliminary Report the Panel pointed out that availability of first class office space can by itself enhance the demand. It is obvious that major concerns with pressures for new divisions or planned operational changes cannot usually wait for the 18 or 24 months required to design and construct a new facility. For this reason the Panel recommends that the overall program be geared somewhat higher than the apparent demand which can be assured on an annual basis. Risks are involved in this approach, but experience in other cities would appear to warrant the taking of such a risk by the business community of the City of Newark.

UPGRADING: It also is apparent that the upgrading of office space by existing occupants in a city speeds up as more new facilities are built. The benefits of this upgrading must of course be balanced off against the vacancy which occurs in the older buildings as tenants improve their status. There is no long range benefit in drastically shortening the economic life of older structures by creating a surplus of partially subsidized new facilities. It is impossible for the Panel to establish an exact expansion formula. Therefore, it is recommended that NHA pursue every avenue to bring in new users who will also be customers for the retail and other Central Business District activities. Again, the Panel recommends that building be done somewhat faster than firm commitments are obtained.

Summary

The Panel recommends that major revisions be made in the land use plans which project major office constructions, especially in the Essex Heights and the Raymond Boulevard projects.

By carrying out the proposed reductions in allocations for office space as outlined above the total office space projected forward to 1978 would drop to 4,300,000 from 8,430,000 square feet. With a reasonable allowance for service uses related strictly to office occupancy, this does not depart significantly from the 2,950,000 square feet which the Panel expects can be absorbed through normal demands between now and 1978.

IV. RETAIL SPACE

As a part of its assignment, the Panel has been requested to suggest means by which the local retail sector of Newark could be strengthened.

The general comment and observation of the Panel in its Preliminary Report in December 1964, was that, in comparison with cities of similar size, the downtown core retail area of Newark was in relatively healthy condition.

Classification of Retail Space

In reviewing the Preliminary Report as it relates to conditions in September 1965, there appears to be little reason to change this comment. However, in reviewing the individual projects submitted in the revised Community Renewal Program (Marketability Material for Urban Land Institute Panel) with covering letter of August 25th, it appears advisable to call attention to the various classifications of retail and commercial space which evidently were in the minds of the planning staff when the project maps and summaries of data were prepared.

In colloquial usage, the expression "retail", typically involves the type of comparison shopping found in the Central Business District of American cities, or the convenience shopping which may be found on a residential arterial or in a neighborhood shopping area. There are, however, a substantial number of activities which, by Census definition and by usage in real estate or planning circles, come within the retail and commercial classification. These are entirely separate from office building space and hotel or recreation facilities.

These retail and commercial activities include the following types without purporting to be a complete list.

1. Typical personal and family shopping.

- a. Convenience type merchandise (food, drugs, variety, etc.)
- b. Comparison type shopping (apparel, jewelry, furniture, etc.)
- c. Specialty type shopping (high-priced apparel, discount houses, bridal shops, etc.)

2. Automobile dealers (new and used cars, automobile parts, gas stations, etc.)

3. Materials and supplies (lumber, plumbing, electrical, garden supplies and do-it-yourself merchandise).

4. Business equipment (desks, office supplies, copying machines, typewriters, electrical equipment, etc.)

5. Services.

- a. Personal (beauty shops, barber shops, laundries, shoe repair, etc.)
- b. Business (blueprinting, printing and stationery, etc.)
- c. Repair shops (automobile repair, appliances, servicing establishments for typewriters, computers, copy machines, etc.)

Locational Requirements

Each of these types of retail and commercial business has its own locational characteristics as noted below.

In general terms, convenience shopping should be located close to the place of residence. In similar terms, comparison shopping should be located with adequate parking in one or more locations where a large number of shops handling the same type of merchandise are available to the shopper for comparison of prices, quality, style, etc.

Specialty shops, by reason of their particular appeal, do not require a location in association with other shops and can be located at any point where there is convenient transportation to a sufficient number of people to provide the individual store with an adequate volume of business.

Automobile dealers have a tendency to cluster together in various parts of the metropolitan area although this is not an essential feature. Location on a reasonably convenient arterial is a primary necessity, however.

The building supply classification can be located almost anywhere, but ample space at low rent is a prime necessity.

Business machines can be displayed anywhere, but find their most efficient location near a concentration of office buildings and convenient locations in prestige buildings where they can afford to pay competitive rents.

Personal services are most efficiently located in districts or centers where retail convenience or comparison shopping is being conducted. Business services require low rents and can be located anywhere with reference to a business or industrial community where messenger service is prompt.

Repair services require low rental space in places where the operation will not be objectionable to residential or shopping communities. They have no particular locational requirements. Each one of these classifications consequently requires individual study. In considering the various projects now under development in Newark, it would be impossible to say without that type of study whether the particular quantities of retail and commercial space were too great or less than adequate, or whether the locations prescribed for that space are the most efficient locations for the particular type of activity under consideration.

The main retail center in the Central Business District is not likely to require expansion, and, as the Panel suggested in its Preliminary Report, it is probable that energetic action will be required to maintain or slightly increase its present volume of business.

Neighborhood facilities, otherwise known as convenience shopping facilities, should be provided in the various new residential communities. Generally speaking, approximately three to five square feet of such facilities should be available for the service of each person in the contiguous residential community. It is not possible to determine the adequacy of space provided for this purpose in each of the various project areas without that space being identified as a specific part of the retail complexes planned for those communities, and without knowledge of the existing convenience facilities in those neighborhoods and the extent to which the program calls for elimination or retention of existing installations. The Panel has already commented that a substantial part of the existing convenience retail facilities should be preserved and rehabilitated if possible, not only as an economic procedure but as a basis for maintaining the opportunities for the individual business proprietors who now operate them.

Specialty shops, as represented by the bridal shops and restaurant and hotel supply stores, in the general neighborhood of Springfield Avenue, are the types of operations which typically require moderate rentals, and which apparently are providing a needed service to the community. It would be quite probable that such specialized business enterprises might not survive if an attempt were made to transfer them to other locations in which rental costs would be significantly higher—particularly at rentals of \$2.50 to \$4.00 per square foot—which are typical of new retail facilities at present construction costs. Certain specialty stores can operate in new facilities of low construction cost. Others can afford substantial rentals for space with high construction specification.

The types of stores referred to above are simply illustrations of the fact that each type of retail and commercial facility requires a special study. This study should embrace not only the operating cost of existing space and the volume of business being done, but should include a study of the customers and their income level and purchasing desires as well as their locational convenience to the proposed spaces and to the facilities now in existence.

The same general comment applies to the various other retail and commercial classifications listed above and any others which might be found available for the space being planned in the various projects.

Basic Conditions

Before commenting on possible means of improving the individual project areas, certain fundamental characteristics of the retail portion of Newark's central core should be noted:

1. The location and immediate surroundings of the City of Newark necessarily means that the population from which the retail core must draw its support is located in a semicircle to the west of the

Central Business District with very limited population within a distance of six or seven miles to the east. The Meadowland area, (both inside and outside the City limits) and the industrial plants with which it is primarily occupied, comprise most of the eastern portion of the hypothetical circle.

As a result of this condition, the quantity of retail trade available to the central city is substantially reduced as contrasted with a city in which the population is distributed more or less evenly on all sides of the Central Business District. This is not only because of the limitation of population in itself, but more particularly because a significant proportion of that population must be located at a greater distance from the Central Business District, and thus is more likely to be served by suburban shopping centers as a matter of absolute convenience to the shoppers themselves.

2. The City of Newark, due to the location of its political boundaries represents a much smaller proportion of the metropolitan population than would typically be the case for a central city as contrasted with its metropolitan area. The present population of Newark is about 400,000 people; whereas its metropolitan area (as defined by the U. S. Bureau of the Census) has a population in excess of 1,700,000 persons, or more than four times the population of the central city. In a very real sense, however, the City of Newark is, or should be, the central city for entire northern New Jersey area which has a total population in excess of 4,500,000 people at present, or substantially more than ten times the population of the City of Newark itself.

This ratio is not typical of cities and metropolitan areas of similar size in the United States and has many implications. One of the important implications, as far as retail business is concerned, is the fact that the better quality residential districts at a typical distance of five, six or seven miles from the Central Business District are not located within the City itself, but are located in the various residential suburbs of separately incorporated areas. In most cases these separately incorporated areas have relatively strong concentrations of neighborhood facilities, but they do not have the major integrated shopping centers typically developed in such areas during the last five to ten years. Instead, these centers are located at a distance of ten to fifteen miles from the Central Business District, and the population which supports Newark's Central Business District is drawn in substantial part from the inner core of surrounding suburban communities and, therefore, is greater than the population contained within the political limits of the city.

3. The more remote portions of the actual metropolitan area are being served by several strong shopping center projects, and these are being supplemented by newly-planned and constructed projects located at a distance of approximately 12 to 20 miles from the central city. The extent of the projected new development is illustrated by the available figures on department store areas. A recent inventory of department store space within the City of Newark and the existing metropolitan area indicated a total floor area devoted to department store merchandising of approximately 4,000,000 square feet. The projects announced in 1964 which appear likely to be completed suggest an addition of at least 1,700,000 square feet to the present inventory, or an increase of more than 40 percent.
4. It is likely that the above factors neutralize each other; i.e., the development of these more remote shopping centers will probably attract a certain amount of shopping traffic from the outer fringes of the inner suburban ring; population growth in these inner suburbs should offset this, with the result that the retail business done in the City of Newark should have a tendency to remain constant or possibly increase slightly from this point forward. The decline over the last ten or fifteen years represents the shock of withdrawal to the original development of suburban shopping centers. The Panel would expect, however, that the retail volume within the central core of Newark should have stabilized, as indicated by recent figures, and that the sheer distance from Newark of the projected shopping center developments will indicate a lesser impact on the existing central city facilities than ordinarily would be the case where centers are located closer to the center city.
5. It should be recognized that against a rapid increase in metropolitan area population, the mathematical calculation will indicate a reduced share of metropolitan retail volume done in the Central Business District, even though the dollar volume may be maintained or slightly increased.
6. Another characteristic, resulting from the limited area within the political boundaries of the City, is the fact that in the older residential neighborhoods the typical retail string development along the principal arterials represents a larger proportion of the retail business than would be typical of central cities in large metropolitan areas, and also a larger floor area in proportion to the population of the City of Newark.

Individual Project Areas

Taking the project areas where a large proportion of the land use has been proposed for retail-commercial, other than office space, the Panel makes the following comments:

CRP-8, NEWARK PLAZA: Retail-commercial space in the amount of 500,000 square feet is projected here. With the construction of major new office buildings in large volume also expected, it is entirely in line to anticipate a demand for this amount of space for collateral use. The types of retail use such as office equipment, stationery, and personal services are compatible both as to the project area itself and the adjoining blocks to the west and north. The problem here would consist of determining the timing in order that construction coincides with the stimulation of demand.

CRP-9, ESSEX HEIGHTS: The Office Space section of this report recommends a sharp reduction in the land area to be allocated for that use. In general, much of the space to be recommended for office construction will fall into the retail and service categories previously analyzed. The Panel would expect no substantial demand for occupancy by the types of retail found in the high volume downtown district or general neighborhood areas. The demand for this type of merchandise will be largely met by facilities already established in the contiguous retail section.

The same comments apply to CRP-13, ESSEX HEIGHTS NO. 2, and CRP-27, RAYMOND BOULEVARD.

In the primarily residential projects great care must be taken to prevent the wholesale removal and destruction of neighborhood retail which cannot be re-established in new structures because of minimal financial resources or inherent inability to pay economic rents in modern structures.

CRP-28, MID-TOWN CONNECTOR: Here, 800,000 square feet of floor space is designated for commercial use. This would be a logical location for automotive activities, or combined wholesale and retail distribution. It should be noted, however, that the so-called "Motorama" under consideration for CRP-7, South Broad, will, when completed, reduce the demand for additional automotive use for many years in the future.

The amount of space allocated in CRP-1, OLD THIRD WARD, appears to be very much in line with reasonable demand now existing or to be created through nearby renewal activity.

The total quantity of space programmed over the 13-year period from 1966-1978—namely 2,052,000 square feet of retail and 1,750,000 square feet of other commercial—appears to be very large in total quantity for this type of new facility in a city the size of Newark. It is true that a significant part of this may represent replacement of existing facilities. It must be born in mind, however, that while the Community Renewal Program in Newark is very substantial, it would be typical for private capital and the initiative of individual tenants or owner occupants to provide a substantial amount of the new construction and development required for expansion or relocation. Thus, the project areas of the CRP program should be coordinated as part of the total community-wide program.

With the recommendation for detail study of each project and each type of retail and service use discussed above, it is the Panel's opinion that the general recommendations made in the preliminary report of December 3, 1964 are still valid.

General Considerations

At this point the Panel would like to reiterate certain observations made in its preliminary report of December 1964. Notwithstanding the Panel's belief that the volume of retail business in the central portion of the City has probably stabilized and is not likely to increase substantially in dollar volume in the future (and probably will decline as a percentage of the total retail business done within the metropolitan area), there are certain matters to which both public officials and business community can direct their attention which should have a tendency to preserve, and possible increase, the vigor of the Central Business District, to the extent that would be logical in terms of proper service to the entire metropolitan area.

No single item is likely to be particularly significant by itself, but each is important in a total program of preservation of the health of the retail community.

The fundamentals of retail attraction to the shopper involve: (1) the availability of a significant population with convenient means of access to the proposed shopping facility (with convenient and attractive terminal facilities); and (2) the availability of stores prepared to offer a broad selection of merchandise under conditions of quality, price and service which will be attractive to the customer. The specifics mentioned in the following list are related to these Basic Considerations:

A Program of Improved Arterials: These arterials do not necessarily have to be, and may not in any case be, freeways. They are essentially convenience routes of which the women shoppers in particular, can reach the Central Business District from various parts of the city and the residential suburbs. Some of the existing arterial streets are much too narrow for the volume of traffic they now carry, resulting in severe congestion. It is likely that the freeway system will remove some traffic from these arterials which might currently be used by the shopper, and by reduction of traffic on these arterials thereby make travel to the Central Business District more convenient than it otherwise would be.

CONVENIENT TERMINAL FACILITIES: This involves not only adequate parking located close to the retail complex, with parking fees on a reasonable basis, but also convenient connections to the freeway system and to any system of one-way streets which may be developed for the better service of the retail core.

PUBLIC TRANSPORTATION: The Panel is advised that public transportation in the Newark Central Business District, on a convenience service basis to all parts of the retail trade area, is of superior quality. Members of the Panel have not had the opportunity to check this in detail, but suggest it as one of the important considerations in developing retail trade in the Central Business District as well as developing strong employment opportunities.

TRAFFIC CIRCULATION: A convenient method of handling traffic within the Central Business District itself should be devised, including the most modern concepts of one-way streets and signalization controls so that traffic will move freely and easily in such a way that the shopper will find the travel experience to the shopping area a pleasure, rather than a chore.

INCREASED POPULATION:¹ This is related, of course, to the entire urban renewal program and the extent to which it can be maintained and increase the number of persons living within a convenient distance from the Central Business District.

INCREASED OFFICE AND OTHER EMPLOYMENT: An increase in office workers and other employment within the Central Business District and adjacent areas will, of course, bolster sales in the retail core. (This is discussed in the "Office Space" and "Industrial Development" sections of this report.)

IMPROVED RECREATIONAL AND CULTURAL FACILITIES: Increased interest should be generated in amusement facilities, club activities, cultural facilities and all other elements of community life within the Central Business District. This applies as well to areas adjacent to the CBD. (See recommendations on Projects 4, 9, 13, 14, and 27; Residential Areas.)

CREATING AN ATTRACTIVE ATMOSPHERE: This raises the question of the pros and cons of a pedestrian mall. This topic comes up in almost every city in which a ULI panel is asked to study the CBD. The Panel understands from the data provided it that at one time extensive consideration was given to the creation of a pedestrian mall on Halsey Street running from Market Street to Central Avenue, but that consideration of this proposal has not been pressed during the last eight to ten months. The Panel is not prepared to say that a mall, particularly as designed, is or is not important. There was not enough information available to justify any real consideration of the proposal, and no particular question or comment has been raised on this subject during the Panel's work. It is, however, an illustration of the general necessity of considering the atmosphere in the central city and the impression which will be gained by customers (or potential customers) as they come to the central city to shop or to work. But this is only one of the several elements involved in strengthening the downtown core; and the creation of a pedestrian mall is only one of the many avenues of improvement available to any shopping district, whether it is located in the suburbs or in the central core of the metropolitan area.

MERCHANDISING: The most important single element in the improvement of a shopping area is the individual activity of the merchants located within that area. In many inquiries directed to shoppers all over the United States, it has been found that considerably more than 50 per cent of the influences which lead to shopping in any particular district are related to the quality of the merchandising by the stores located in that district, the breadth of merchandise lines, the quality of merchandise, attractive pricing policies, attractive credit policies, training of sales clerks, courtesy, and similar "in-store" characteristics. While the new shopping centers are being developed with stores capable of meeting almost any merchandise need, the fact remains that the stores in the Central Business District offer a variety of merchandise and a combination of facilities which provide, or should provide, the most attractive shopping atmosphere in the entire metropolitan area. While these assets are often neutralized by travel considerations and other convenience factors, the Central Business District still has a very substantial "plus" in this respect and as a matter of statistical fact is still, and by all odds should continue to be, the strongest shopping area in the entire metropolitan complex.

¹Increased population usually implies increased retail sales. In considering the extent of retail opportunity in the Central Business District it should be noted that during the period 1949 to 1959 the average family income in the City of Newark increased by 66 percent whereas the increase in the outside communities was 72 percent during the same period.

This is in line with general experience in the United States and suggests that increases in lower incomes parallel the increases in higher incomes.

As families of higher incomes have moved to the suburbs, the changes in income levels of the city populations have not been reflected in greatly reduced spending power for the central retail core. This is partly due to the fact that a higher proportion of lower incomes is devoted to retail spending.

The Colonnades project has clearly attracted people into Newark resulting in a net benefit to the City.

NEWARK'S HOUSING MARKET; FUTURE PROSPECTS: As noted in the Preliminary Report, the Panel views the future of the City's housing market as first, an opportunity for high rise apartments and town houses close to the downtown core area, geared to the upper middle income market, including those in the business and professional community with rents at the \$50 per room per month level. Such a program would have to be a part of a big bold total community project in which an entirely new environment is created. It is believed there are numerous members of the business world who would like to live where they could walk to work. The same is true of faculty members and others who will be involved in the life of the universities which are being expanded in the core area of the City.

A second future market pertains to high-rise and medium-rise apartments; also for the middle income brackets; located in such areas as Vailsburg, Roseville, Weequahic, and North Newark. Rents should run from \$35 to \$50 per room, per month. Outstanding locations are available in the four areas mentioned, some of them overlooking existing parks and close to rapid transportation to the downtown area. Condominium and co-operative apartments should be considered along with rental units.

A third category of future housing is garden type and high-rise apartments for the lower middle income brackets, with rents at \$25 to \$30 per room, per month (with co-ops and condominiums priced for the same market) and in presently designated areas.

No mention of future housing can ignore the problem of integration and it is assumed that all future housing will contain mixed racial elements. Two apartments in the Mount Prospect area, with rents at the \$60 per room per month level, were found to have approximately eight percent Negro occupancy.

UPPER INCOME HOUSING: At this time there appears to be little market for any extension of the upper income housing market in Newark. An existing project at the \$50 to \$60 per room per month level, now almost two years old, had an occupancy of fifteen per cent when analyzed in November, 1964. This occupancy figure has increased to twenty-five per cent as of September, 1965; a poor performance, although there is a current flurry of activity. Upper income housing is usually tied in to private schools, clubs, cultural activities and other exclusive attributes which can be created in Newark only if the core housing is on the "big and bold" basis mentioned previously. The nearby suburbs outside of Newark offer their own special amenities and represent difficult competition for any developer operating in Newark at upper income levels.

Observations and Recommendations

CURRENT CONDITIONS: In its intensive inspections of housing throughout Newark, both in November, 1964, and again in September, 1965, the Panel has been impressed with the progress that has been made in the elimination of slums and the generally satisfactory condition of existing housing. There appears to be much pride of ownership which is evidenced by new paint and relatively good maintenance. In general, the current housing inventory appears to be better from the standpoint of condition than that of many other large cities. This is in spite of the fact that the average age of housing is very high and a large proportion of these structures are frame.

Many of the renewal projects are tied in with commercial and institutional uses. The Panel believes this to be advantageous as such a layout creates total community for living.

The creation of 23,685 new dwelling units is a large program by any standard and represents an extensive renewal by the City of Newark which contained 134,872 housing units in 1960. However, it is urged that serious attention be paid to conservation and code enforcement so that total clearance of additional areas will not be necessary or will be limited to smaller pockets which are in a condition of extreme deterioration. It is recognized that there are certain areas within the city which pose special problems for the Housing Authority's future program. These areas are characterized by a great mixture of structural types, spotty blight, scattered decay mixed with good, well-maintained blocks, and with some limited investment in new buildings. Such areas may ultimately require more than conservation and code enforcement, but do not now appear susceptible to total clearance.

HOUSING DENSITY: Three new housing projects contain the following units per acre:

<u>NAME</u>	<u>TYPE</u>	<u>UNITS PER ACRE</u>
High Park Garden	Garden type	33
Hallmark House	High Rise	135
Academy Spires	High Rise	150

Garden type projects allow more area for lawns, playgrounds and parking and give a feeling of openness with lack of congestion. This is especially true of High Park Garden which consists of three-story attached building units. This project has converted a former slum area into a top residential development.

The high rise apartments with their heavy concentration of units per acre is justified to a degree by their heavy proportion of one bedroom units at Academy Spires and the adjacent Branch Brook Park, and the studio and one bedroom units at Hallmark House. the Panel hopes, however, that such heavy concentration will be the exception, that maximums in the future be held to one hundred units per acre where the total number of smaller apartments predominates, and that 65 to 80 units per acre be the maximum in low rent districts where larger families prevail. The mixing of low density and high density apartment projects in the same project development area is encouraged. This is currently being carried out in CRP No. 1, the old Third Ward project.

The Panel wishes to point out an example of the heavy doses of subsidy that have been needed to achieve the results called for under the Community Renewal Program. In High Park Gardens the subsidy appears in four separate ways: (1) The land cost to the builder has been reduced from the actual acquisition cost by a write-down paid by the City and Federal Governments. (2) The taxes on the final project have been reduced to less than normal by the provisions of the Fox-Lance Act, which in effect is a subsidy provided by the other tax payers in the City of Newark. (3) The owning corporation is non-profit which is in effect a contribution by the developer. (4) The Mortgage financing carries a below-the-market interest rate of 3 7/8% and a guaranteed Federal National Mortgage commitment, another subsidy of the Federal Government.

RENTALS AND MARKETS: From the Panel's investigation it is obvious that Newark's rental market falls within definite limits. The lower income market runs from \$25 to \$30 per room per month and this can only be achieved through the use of FHA-221 (d) (3) financing. The market for housing units at these rentals is strong and appears almost unlimited as displaced persons look for new housing accommodations. The middle income market runs from \$30 to \$50 per room per month and ties in with FHA-220 financing. The market would appear to be strong at the lower end which could be satisfied by upping or eliminating maximum income requirements under FHA 221 (d) (3) financing, and nearly satisfied at the upper limit catered to by the Colonnade Apartments. The upper income market over \$50 per room per month is thin as indicated by the two apartment projects financed under FHA-207 where occupancy is at the 25% level, with rentals from \$50 to \$60 per room per month. Newark's future for new housing appears to be in the low rent field for lower income families, unless a bold dynamic self-contained planned community is created around the Colleges Expansion Area, Project No. 4, which could instill a new dimension in living in Newark. The appeal could be to a new and higher income market, much of which has left the city. This recommendation is discussed in some detail in the section which follows.

St. Michael's and Adjacent Projects

In its Preliminary Report, the Panel suggested that the St. Michael's project area, Number 14, would be suitable for high rise apartments and town houses geared to the upper middle income market.

"UNIVERSITY CENTER": The Panel confirms its original suggestion and, upon further study of this area and the Project Areas to the south, it further recommends that some imaginative planning can and should be done to coordinate the St. Michael's project, Number 14, with the Raymond Boulevard Project, Number 27; and the Essex Heights, Stages 1 and 2, Number 9 and Number 13; with the possibility of creating a single major development which will surround the Newark Colleges Expansion Area, Number 4.

Such planning should be done jointly with the Newark colleges inasmuch as it is important that their program of development be coordinated with this entire area. This planning should include the study of the detailed land uses and the architectural character and arrangement of the improvements and land planning features.

This would mean ignoring the present boundaries of the separate project areas and would provide sufficient land area to make possible the imaginative planning and use of such land to provide for upper middle income housing, college housing and probably some commercial development.

Such planning would protect and use to the best advantage the well-established improvements within or immediately adjacent to this area which are of great importance to the city, such as the colleges, the Art Museum, the Public Library, St. Michael Hospital, the Court House and several large churches. The area is within close walking distance to the core of the Central Business District.

The total area would be of sufficient size to create a total environment which could be made attractive for accommodating the higher middle income people, many of whom are moving out of the city because of the lack of such a well planned and developed area containing an attractive neighborhood atmosphere.

Special consideration in planning this enlarged area should provide for the traffic flow which will develop from Route 75, and the need for adequate off-street automobile parking areas. Failure to provide these facilities will substantially limit the use of the new traffic routes for bringing more people into the Central Business District of the City.





LEGEND

- BOUNDARIES, EXISTING URBAN RENEWAL PROJECTS
- BOUNDARIES, PROPOSED URBAN RENEWAL PROJECTS
- ⑤ URBAN RENEWAL PROJECT IDENTIFYING NUMBER
- CITY BOUNDARY
- (A) Colonnade Apartments

If this enlarged area is adequately developed it is reasonable to anticipate that at a later date the air rights over the railroad tracks could be used to connect it with the Colonnade area to the north. The future development of the Colonnade area should be in keeping with developments in this enlarged area.

The Panel emphasizes that the resultant plans for these combined Project Areas should be of an especially dramatic quality if it is to engender the widespread civic support and enthusiasm that experience elsewhere has shown is essential for success.

With respect to this special need, the Panel feels that consideration should be given to the auspices under which the plan will be developed. The Panel is aware of the high quality of professional skill of the planners on the Housing Authority staff, but it is concerned with the problem that such a small group would have if it were faced with the enormous time demands involved in the kind of intensive study, evaluation, experimentation and assemblage of economic data required for effective development of this type of project.

Consequently, the Authority should consider the advisability of making a special project of this area and engage the services of a highly qualified private planning group for its development, which could then be considered by the Authority and executed by it.

Alternatively, the business community of Newark might be stimulated, as has been done in other cities such as Pittsburgh, Philadelphia and Baltimore, to undertake responsibility for developing the plan. This method has proved extremely successful in building a broad base of community support for adoption of this type of project, and for involvement of civic leadership in assistance in its execution.

VI. CONSERVATION AND CODE ENFORCEMENT PROGRAM

In its Preliminary Report based on the "Preliminary Delineation of Proposed Treatment Areas by Neighborhood", dated November, 1964, the Panel commented that "there has been too high a percentage of proposals for clearance in many areas, and that a much greater percentage of structures than shown in the report is susceptible to a conservation and code enforcement program."

The revised "Community Renewal Program" dated August 25, 1965, prepared by the Housing Authority, and used as basic data for the Panel's second study, proposes a considerable lesser area of the city for specific project treatment. This would seem to meet to a substantial degree the question originally raised concerning the percentage of total clearance contemplated.

However, the proposed compression of the area marked for intensive treatment seems to us to make even more imperative the need for a vigorous program of code enforcement and conservation. Areas not delineated as Projects, and especially those immediately abutting projects (for example, adjoining CRP 10 will have to be given skilled and sensitive attention if the 12-year effort is not to result in a mere shift of deterioration from one location to another). This effort can also lessen the extent of urban renewal treatment needed after the 12-year program is completed.

The Panel is pleased to note the section of the Revised CRP devoted to a conservation program. We have not re-examined the areas listed as "Conservation Projects" because they represent, to a substantial extent, those which gave rise to our comment in the Preliminary Report.

We do, however, wish to suggest that a close watch be kept on the three areas indicated as "requiring no urban renewal action", so that any early signs of deterioration or blight can be identified and dealt with immediately.

We are restating below our previous recommendations in the field of code enforcement and conservation. The provisions of the Housing and Urban Development Act of 1965 relating to Code Enforcement (Section 311 (A), adding Section 117 to Title I of the Housing Act of 1949; and Section 312) should make Newark's task in supporting this program much less costly.

However, the Panel underscores the fact that this aspect of the urban renewal effort will not prove to be an easy one. It cannot be successful if given mere lip-service or carried on simply as an auxiliary activity of the City or of the Housing Authority.

Simply assigning housing inspectors to an area can prove to be a waste of time and effort if it is not an integral part of a well-planned program. Dedicated full-time attention by specifically designated and trained staff is essential.

Moreover, the difficulty of the task can be magnified beyond the possibility of achievement if the neighborhoods involved do not understand all aspects of the program and, indeed, do not welcome a just and impartial pursuit of its objectives.

This aspect is referred to in Item 4 below in the suggestions of "Ingredients For A Successful Program". An increasing number of cities are beginning to show progress in code enforcement and conservation. Newark may find it worthwhile to investigate their failures and achievements.

It is the recommendation of the Panel that Newark launch an aggressive conservation and code enforcement program, using this on a city-wide basis in advance of establishing priorities for complete renewal and redevelopment on an area basis. This cannot be initiated all over the city at the same time, but the speed with which a conservation and code enforcement program can expand is much greater than other forms of renewal.

It is possible to start such a program at any location, but the Panel suggests that consideration be given to "pockets" which have been found in Vailsburg, Roseville and North Newark as well as in locations closer to the center of the city.

To be successful, a conservation and code enforcement program must be well planned, well organized and have forceful direction. It cannot be effective if it is merely a "fix-up, paint-up" campaign, no matter how well publicized and well intentioned.

The following are needed as ingredients for a successful program:

1. Good housing and building codes that are up-to-date and adequate.
2. A reorganization of Newark's present organization for code enforcement. Consultation by experts in public administration might be helpful in this direction. The reorganization should generally follow these lines:
 - (a) Use "single inspector system". Under this system, one individual is trained for enforcement of all codes—electrical, plumbing, fire, structural, hygiene of housing, sanitation, etc. Multiplicity of inspector visits increases householder opposition.
 - (b) Institute a training program for inspectors to include techniques of dealing with people in an authoritative setting.
 - (c) Set up the administration of the program in the hands of a single City agency. If this is not legally or politically feasible, inspectors should be assigned to community offices in areas but work under the supervision of the single City agency.
3. A first-rate relations job is essential to explain the need for and goals of the program. Widespread public support must be obtained in order to meet arguments concerning the "invasion of privacy."
4. A "community organization" job in the neighborhood areas is absolutely basic. Indigenous leadership in the areas must be developed and must take the lead in obtaining cooperation from residents. Neighborhood maintenance must be improved and trash and litter cleaned up, in addition to the treatment of structure.

The assistance of all relevant City agencies is needed in this effort. In many areas a simple "block organization" can be very effective.

5. Cooperation of the courts should be secured, especially for cases of recalcitrant absentee landlords.
6. Expert help must be given residents for estimating the cost of improvements and obtaining responsible home improvements contractors.
7. A conservation and code enforcement program cannot succeed unless highly qualified help is given for the financing of the cost of improvements. Lending institutions should be asked to provide a pool of money on advantageous terms. Agreement must be worked out with FHA to assure understanding and support at the local office level for the program. Staff personnel in neighborhood area offices must be skilled in complex processing procedures for FHA loans.
8. Consideration should be given to encouraging rehabilitation above minimum code standards in areas where warranted by the quality of adjacent and surrounding housing, and consistent with the economic resources of the owners.
9. The conservation and code enforcement program of renter-occupied dwellings in most areas should not be carried at a level so high that rents might be raised above the point which the present occupants could afford.

A widespread, intensive, well-maintained conservation and code enforcement program could well reduce dramatically the percentage of future clearance required when these areas reach the "Project" stage, five, ten or fifteen years from now. It might prove to be Newark's most profitable investment in the renewal field.

VII. HIGHWAY PROGRAM

At the time of the Preliminary Report in November, 1964, little information was available on the highway program and its total effect on the City of Newark. This has now been made available and considerable attention has been given to the relationship of highways to total neighborhoods and even to individual blocks. It is recognized by the Panel that highway location has been the subject of much thought and debate and it seems inappropriate to make further comment since the matter appears to have been settled. However, the plans presented to the Panel indicated few street crossings of the depressed highways. Stated another way, too many existing streets have been severed by the freeway without replacement by grade separated connections. This is felt to be detrimental to neighborhoods which will be cut into two separate parts. It is hoped that attention will be given to restudying this matter so that less damage will result to the City's existing neighborhood patterns. This is particularly important in the following Project Areas; No. 22 - City Line; No. 23 - Wolcott; No. 24 - Bergen; No. 25 - Belmont. All of the projects border Route I-78. It is recommended that consideration be given to the effect of the on and off ramps from Route 75, adjacent to the downtown area. This would particularly include the following projects; No. 4 - Newark Colleges Expansion; No. 9 - Essex Heights; No. 14 - St. Michael's; No. 27 - Raymond Boulevard; No. 28 - Midtown Connector.

Because of the complexities of cutting a depressed freeway through existing residential and commercial areas, it is recommended that the project planners for these areas work in close cooperation with the highway engineers so that requirements of both the city and the highway may be clearly understood and closely coordinated.

VIII. RECAPITULATION

In the foregoing sections of this Report, the Panel has examined and re-examined existing conditions and future potentialities of industrial, commercial and residential real estate in Newark as they relate to the proposals contained in the Community Renewal Program. Particular attention has been given to the land re-use and marketability aspects of the CRP.

It is difficult in a program that is so comprehensive and detailed to single out individual points or recommendations without slighting others of equal importance. However, the Panel believes that Newark should give prime attention to Industrial and Commercial Redevelopment Projects since it is of utmost importance that the economic base of the city be further developed and strengthened, and that additional jobs be created.¹

The Panel is of the opinion that Newark is suffering acutely from the problems of excessive taxation on real and personal property. It is paramount that immediate and continuing attention be given to determining ways to broaden the tax base so that the burden on real property can be reduced. Such a reduction in taxes would be beneficial in attracting new industry and businesses to Newark and would improve the opportunity for investors interested in constructing income-producing property within the City.

In this study the Panel has been asked for the analysis of individual project areas. Accordingly, many of the comments have been given on this limited basis. However, the only solution for Newark's ills and problems will be realized by taking the broad view of the City as a whole. The industrial, commercial and residential aspects of the City's economy are intimately entwined. They represent both joint problems and equal opportunities. The Panel feels that the greatest single opportunity lies in the aggressive planning, development and execution of a dramatic central core project as recommended. This could have a similar impact in Newark as the Golden Triangle has had in Pittsburgh, Penn Center in Philadelphia and Charles Center in Baltimore. These central city renewal projects represent the efforts and cooperation of dedicated private citizens working with all of the tools of the city, state and Federal governments. It is felt that Newark has the same opportunity to enhance its image. In the Panel's opinion, the execution of such a project will be the catalyst for growth and expansion in other elements of the City's economy.

¹This should not be interpreted as a recommendation against further improvement of the residential sector. (Much of this work can be carried on simultaneously with the industrial and commercial programs.) Rather, it is a suggestion that emphasis now be shifted to industrial and commercial renewal which, in the opinion of the Panel, has lagged up to this time.

APPENDIX A

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NOTE: In addition to the references cited above, numerous additional data and items of information were made available by the Newark Housing Authority at the request of the Urban Land Institute Panel and staff.

A considerable number of maps were used as references; a separate map source list has not been included here.

APPENDIX B

BACKGROUND DATA ON PROPERTY TAXATION AND LAND USE IN NEWARK AND NEARBY COMMUNITIES

Property Taxes and Tax Rates

A review of property taxation and tax rates in Newark and its nearby communities reveals some extremely significant facts. The study by Morris Beck, PROPERTY TAXATION AND URBAN LAND USE IN NORTHEASTERN NEW JERSEY, Urban Land Institute Research Monograph 7, published in 1963 provides a handbook of data for the entire region. This reveals that Newark is perched as one of several very high peaks of property taxation upon the mountain range of high New Jersey property tax rates. The effective rate of real property taxation in Newark was computed at 5.09 percent of full value in 1963—contrasted with 4.89 percent in 1960. True rates in the neighborhood of 5 percent have prevailed in Newark for several years. Of the major American cities which have been brought to our attention, only Jersey City and Boston have higher true real property tax rates.

Table T-1 summarizes information about property tax rates and the real property tax base. Among the seventeen nearby communities clustered around Newark, full value (effective) real property tax rates in 1963 varied from a high of 4.35 percent in Orange to a low of 1.83 percent in Union Township. Four communities in close proximity to Newark (Hillside, Union Township, Kearny and North Arlington) have low tax rates varying from 1.8 to 2.2 percent of full value. All of these, excepting North Arlington, have significant industrialization.

The table reveals the inverse relationship between property tax resources (measured by full value of taxable real property per resident) and the tax rate: in general, communities with low tax resources (Newark is the lowest in the group) have high tax rates. The reverse is not always true, since some communities choose to provide a high level of services.

In contrast to the high level, the recent trend in Newark property tax rates has been a very slow increase. This differs sharply from the situation in urban fringe communities where rapid growth is frequently accompanied by rising tax rates. The position of Newark is not quite as favorable when we observe that effective tax rates actually dropped in five nearby communities. In twelve other municipalities, however, effective tax rates rose more than in Newark from 1960 to 1963.

There is nothing in the outlook for Newark to suggest that the tax rate will be materially lowered in the near future. On the other hand, data do suggest that some of the neighboring communities with problems associated with aging will have higher tax rates in the future, thereby narrowing the gap between these communities and the central city. To the extent that business and industry are actually sensitive to property taxes, the high rates in Newark are a factor which must be reckoned in future planning. Only the most drastic overhaul of fiscal policy and machinery in the state of New Jersey could change the prevailing property tax picture.

Land Use Assessment Base

From unpublished data available in New Jersey, we have determined the land use composition of the property assessment base in Newark and surrounding communities.

Total taxable property assessed in Newark amounts to \$1.5 billion, of which 80 percent is real property. This is by far the largest local valuation base in Northern New Jersey and reflects the dominant position of Newark in the region. The largest neighboring community, East Orange, has an assessment base only one-fifth that of Newark. The proportion of commercial property (37 percent) in the Newark real estate assessment is by far the largest in the Newark regional zone and is almost twice the proportion found in any nearby community. In the city of Newark, commercial and industrial property together constituted 54 percent of the 1963 real property tax base, with the heavy emphasis upon commercial.

Residential property in New Jersey includes single-family homes, row housing, and small apartment properties up to four units per structure. There are very low proportions of residential ratables in the Hudson County industrial communities and in Newark. The residential proportion is higher, but less than one-half of total taxable real estate in Newark's western neighbors: East Orange and Orange. The proportion of residential property in the tax base is extremely high in the suburban communities of Glen Ridge,

Maplewood, and South Orange. The median proportion of residential real estate in the tax base is 68 percent (in 1963) for the seventeen nearby communities outside Newark; the city proportion of 31 percent is less than one-half this amount.

Apartments form a great cluster in the central portion of the Newark region, composing 31 percent of the real estate base in East Orange, 22 percent in Orange, and 14 percent in Newark. The total assessed valuation in 1963 for apartments (5 units or more per structure) in these three communities was \$281 million, representing a market value of about \$320 million. Over two-thirds of this apartment value is located in the city of Newark.

In most of the nearby communities apartments represent a minor segment in the housing market and the tax base. The median community had only 4-1/2 percent of its real property valuation in apartments, and one borough, Glen Ridge, had none at all.

Commercial property is widespread in the Newark region and comprised from 5 to 20 percent of the property tax base in each outlying community; the median for the group was 12 percent in 1963. Newark's proportion (37 percent) is three times this level, which, coupled with the large size of the Newark base, clearly establishes its commercial dominance.

Industrial ratables are highly concentrated in Newark and its three Hudson County industrial satellites, East Newark, Harrison, and Kearny. In the three Hudson County communities industrial property comprises from 51 to 66 percent of the total real estate tax base. Three other immediate neighbors of Newark - Belleville, Hillside, and Union Township - have more than 10 percent of their realty ratables in industrial property. All other nearby communities are much lower. These data reveal clearly that Newark is included within a ring of industrial concentration beyond which there are communities to the north, west, and southwest which are predominantly residential in character.

Vacant land is not a significant value element in the tax base of Newark and its nearby communities, amounting to only 1 percent of assessed real property in the city of Newark, and varying in the surrounding communities from 1/2 to 3 percent of real estate ratables. This reflects the substantially complete development of the region, with the exception of the extensive meadowlands which, because of their present condition, carry relatively low valuations.

ULI STAFF
September 4, 1964

APPENDIX C

1963 PROPERTY TAX AND LAND USE ASSESSMENT DATA, NEWARK AND NEARBY COMMUNITIES

TOTAL ASSESSMENT BASE - PROPERTY															
	1960 Per Capita Taxable Real Property	1963 PROPERTY TAX RATE			1960 Actual Real Estate		3-Year Trend in True Tax Rate	Total Taxable Property (000)	Real Estate (000)	----- % of Taxable Real Property -----					Farm
		Nominal	Actual		Real Estate	Vacant Land				Resid.	Apts.	Com'l	Ind'l		
			Real Estate	Real Estate											
Newark	Very Low	\$ 5.80	5.09%	4.89%	+ 4%	\$1,510,027	\$1,203,763	1%	31%	14%	37%	17%	0%		
Belleville	Low	\$ 3.36	2.93%	3.08%	- 5%	171,405	154,974	1/2%	65%	6%	12%	16-1/2%	0%		
East Orange	Low	\$ 4.69	4.10%	3.52%	+16%	302,671	282,007	1-1/2%	44-1/2%	31%	20%	3%	0%		
Irvington	Low	\$ 3.69	3.53%	3.36%	+ 5%	243,711	232,018	1%	61-1/2%	15-1/2%	15%	7%	0%		
Maplewood	High	\$ 3.50	3.28%	2.90%	+13%	162,761	157,870	1%	85%	2%	11%	1%	0%		
South Orange	High	\$ 3.32	3.29%	2.94%	+12%	129,454	125,724	1-1/2%	85%	3-1/2%	9-1/2%	1/2%	0%		
Orange	Very Low	\$ 4.97	4.35%	3.87%	+12%	114,392	103,608	1%	49-1/2%	22%	20%	7-1/2%	0%		
West Orange	Medium	\$ 3.73	3.50%	2.99%	+17%	251,341	239,332	3%	77%	4-1/2%	12%	3-1/2%	0%		
Bloomfield	Low	\$ 3.38	3.16%	2.93%	+ 8%	270,178	253,265	1%	68%	8-1/2%	14-1/2%	8%	*		
Glen Ridge	Medium	\$ 3.81	3.66%	3.07%	+19%	52,905	51,954	1/2%	94-1/2%	0%	5%	*	0%		
Nutley	Medium	\$ 3.08	2.62%	2.65%	- 1%	156,618	148,998	1%	74-1/2%	5-1/2%	9-1/2%	9-1/2%	0%		
Montclair	Medium	\$ 4.01	3.67%	3.20%	+15%	239,672	230,337	1%	77-1/2%	8%	13-1/2%	*	0%		
Hillside	Medium	\$ 6.46	2.17%	2.07%	+ 5%	65,470	55,631	1%	62-1/2%	2%	9-1/2%	25%	0%		
Union Township	High	\$ 7.89	1.83%	1.67%	+10%	110,597	97,047	2-1/2%	70%	3%	10%	14-1/2%	0%		
East Newark	Very Low	\$ 7.66	2.84%	3.18%	-11%	4,486	2,533	2-1/2%	27-1/2%	2-1/2%	14-1/2%	53%	0%		
Harrison	Medium	\$ 6.21	3.86%	2.76%	+40%	42,145	26,573	2%	18%	1-1/2%	12-1/2%	66%	0%		
Kearny	Low	\$ 6.74	1.98%	2.99%	-34%	97,257	75,114	2%	35%	2%	10%	51%	0%		
North Arlington	Low	\$11.60	1.89%	2.09%	-10%	16,217	15,304	1%	70-1/2%	15-1/2%	8-1/2%	4-1/2%	0%		

*Negligible - less than 0.3 percent

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